



**REPORTING ENTITY.** For financial reporting purposes the City includes financial information for the appointive boards and commissions that are controlled by or dependent on the City. Control or dependence is determined on the basis of oversight responsibility, budget adoption, taxing authority, funding and appointment of respective governing boards. The boards and commissions which are appointed by the elected City officials, accountable for fiscal matters related thereto and for which the City provides accounting services include: Art Museum, Wichita Airport Advisory Board, Library Board, Board of Park Commissioners Advisory Board, Metropolitan Transit Advisory Board, and the Board of Housing Commissioners.

The financial activities of these boards and commissions are reflected in the special revenue, capital project, enterprise and expendable trust funds as appropriate.

**BASIS OF ACCOUNTING.** The accrual basis of accounting is used for all funds except the governmental fund types, expendable trust funds and agency funds, which use the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

1. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Revenues received prior to their normal time of receipt are recorded as deferred revenues.
2. Disbursements for the purchases of capital assets providing future benefits are treated as expenditures and are accounted for in the general fixed assets account group. Appropriations for capital projects are carried forward until such time as the project is completed or terminated.
3. Interest on general long-term debt is not accrued but is recorded as an expenditure on its due date.

**BUDGETARY CONTROL.** Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all federal and state assistance funds, all capital project funds, the Transit Fund, the Airport Fund, the Golf Course System Fund and all trust and agency funds. Controls over spending in funds that are not subject to legal budgets are maintained by the use of internal spending limits established by management. For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period except for special assessments of the bond and interest fund, which are recognized on the cash basis.

Kansas statutes require the use of an encumbrance system as a management control technique to assist in controlling expenditures. Encumbrances of the budgeted governmental fund types, represented by purchase orders, contracts and other commitments, are reported as a charge to the current year budget. For budget purposes, unencumbered cash balances are determined by deducting liabilities and encumbrances from cash and receivables susceptible to accrual.

The statutes provide for the following sequence and timetable in adoption of budgets:

Preparation of budget for the following calendar year begins on or before August 1 of each year.

1. Publication of proposed budget on or before August 5 of each year.
2. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
3. Adoption of final budget on or before August 25 of each year.

Kansas statutes permit transferring budgeted amounts from one object of purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All unencumbered appropriations lapse at the end of the year, except for capital project funds, which are carried forward until such time as the project is completed or terminated. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time.

Additional information regarding funds and budgetary accounting policies may be found in the City of Wichita's Comprehensive Annual Financial Report prepared by the City Controller's Office.